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a survey. Those teachers, however, who regard history as the record of a genetic process in which numerous blended elements act upon environment and one another, and are in turn reacted upon in a constantly evolving complex, will welcome this as a very serviceable book.

LEVERETT S. LYON

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Credit of the Nations. A Study of the European War. By J. LAURENCE LAUGHLIN. New York: Scribner, 1918. Pp. xii+406. \$3.50.

In this book Professor Laughlin has given an exposition and an explanation of the operation of the credit systems of England, France, Germany, and the United States during the first three years of the present war. On account of the lack of adequate reliable data he does not include in his account Russia, Austria-Hungary, Italy, and the other belligerent nations.

Chapter i, entitled "The Economic Situation Preceding the War," presents a brief sketch of recent economic history, especially with reference to its bearing upon the causes of the war. Chapter ii, entitled "War and Credit," discusses the foundations and machinery of credit, its relation to money and capital, and especially its relation to war. One chapter each is devoted to England, France, Germany, and the United States, and the method of treatment is substantially the same in each case. First the credit system and machinery of the country is described; then follows in order a discussion of credit conditions before the war, the shock occasioned by the outbreak of the war and the means and measures employed in solving the problems that arose, the adjustment to war conditions, and the course of credit and financial events to the middle of 1917. Special attention is given in each case to the effects of the war on industry and commerce, prices, foreign exchange, inflation, public debts, and taxation. In four appendixes are published in full the chief public documents involved and a number of other interesting data, including the registry of foreign-built ships and a list of our loans to the Allies. A number of excellent charts are inserted in appropriate places throughout the book.

Professor Laughlin devotes considerable attention to "a comparison of the ways by which German, French, British, and American systems of credit have met the unparalleled shocks of this unprecedented war," and concludes "that British credit has shown itself superior," chiefly for

the reason that it "has avoided the dangerous expansion connected with advances to the state in France and Germany." He also concludes that the habit in France and Germany of using bank notes instead of checking accounts has been a source of weakness and a cause of currency inflation.

Professor Laughlin looks with disfavor upon the moratoria measures employed in England, France, and Germany at the outbreak of the war, and thinks that in most, if not in all, cases they could have been avoided by a proper use of available banking machinery. He also criticizes the English government for the authorization of the issue of the one pound and ten shilling legal tender notes, believing that instead such issues should have been permitted to the Bank of England.

Regarding Germany he reaches the interesting conclusion that she "is not now solvent, and that unheard-of burdens must be carried even into the distant future. Taxing little and borrowing much, she has risked all on a single throw of the dice, on a military decision. She is even now fighting not merely for the *status quo ante* but for commercial gains, for expansion, if not for indemnities which will retrieve her financial losses. Indeed, her industrial classes were as much responsible for the war as her militarists; so that the weakening of her credit is likely to induce these industrial classes to work mightily for peace. The end is to be looked for more through their influence than through a revolt of the masses" (p. vii).

Throughout Professor Laughlin emphasizes the fundamentals in the situation; namely, production and saving. He shows that no kind of financial legerdemain can be a substitute for these essentials. In the enormous productive power of the warring nations and the large margin of production over necessary consumption he finds the explanation of the financial achievements, which before the war most people would have considered impossible, and the ability to bear the tremendous financial burdens of the future.

Economists who still cling to the quantity theory of prices will find occasion to criticize many of Professor Laughlin's interpretations, and there is wide room for differences of opinion regarding many of the topics treated, but all will welcome this timely and illuminating exposition of one of the most complicated and, to the average man, confusing aspects of the war.

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